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UNCLAS SECTION 01 OF 08 ABIDJAN 000014

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STATE FOR EB/IFD/OIA

E.O. 12958: N/A
TAGS: OPIC USTR KTDB ECON ETRD
SUBJECT: COTE D'IVOIRE 2007 INVESTMENT CLIMATE STATEMENT

¶1. Summary: Cote d,Ivoire,s economy is projected to increase by 2 percent in 2007, slightly higher than 1.8 percent in 2006. The main contributors of the growth are higher export earnings from oil and refined products, cocoa revenues and proceeds from the telecommunications sector. Despite these growth prospects, the environment for business and investment in Cote d,Ivoire is still hampered by the lack of progress in the peace process. In November 2004, the World Bank declared CI in non-accrual status, and halted its few remaining projects in country; until the arrears with the Bank are cleared, all World Bank and IMF projects will remain frozen, including vital support for the implementation of the Disarmament, Demobilization and Reinsertion (DDR) program associated with the peace process. The GOCI has also fallen behind in paying premiums to the police and military and recurring administrative expenses. However, thus far, thanks to a steady world price for its main export crop, cocoa, and earnings from oil exploration leases, the government has managed to pay basic salaries each month and basic operating expenses. To support business recovery, the GOCI has introduced new fiscal measures including the reduction of corporate income tax and tax exemptions for companies that left the country as a result of the crisis. The government has also made institutional changes in the public bidding process. Nonetheless, the steps towards an enabling business environment in Cote d,Ivoire are interlinked with the peace process momentum, which encompasses DDR, the civil identification process and the return of the civil administration that are key to the holding of elections.

¶2. OPENNESS TO FOREIGN INVESTMENT: Despite the ongoing political/economic crisis, the Ivoirian government actively encourages foreign investment through mergers, acquisitions, joint ventures, takeovers, or startups. There are no significant limits on foreign investment nor are there generally differences in treatment of foreign and national investors, either in terms of the level of foreign ownership or sector of investment. The government does not screen investments and has no overall economic and industrial strategy that discriminates against foreign-owned firms. The investment code was designed to boost private sector investment and increase national production. The code includes incentives, such as tax breaks, for larger investments and for investments outside of Abidjan and other urban industrial areas. There is also a Petroleum Investment Code and a Mining Investment Code, which were revised to encourage foreign investment in these sectors by making investments in them eligible for exemption from income tax and other taxes, and exemption from the value added tax on equipment, materials and the first consignment of spare parts, except when there are equivalent products either made in Cote d'Ivoire or available in country at similar cost.

¶3. As part of the 2006 new tax schedule, the GOCI

introduced, on August 26, 2006, fiscal measures to reduce company tax burden and stimulate economic activity. These measures include: The reduction of the corporate income tax from 35 to 27 percent, effective December 31, 2006, and the awarding of three-year corporate income tax exemption and free tax registration for the relocation of companies that left the country as a result of the crisis. Cote d'Ivoire has an investment promotion center called CEPICI, (Centre des Promotion des Investissesments en Cote d,Ivoire located at www.cepci.net), which provides investment information and assistance for entrepreneurs interested in starting a business or foreign enterprises interested in investing in Cote d'Ivoire. CEPICI provides a "one-stop-shop" for investors, an outreach program to match opportunities with potential investors, and a public-private liaison program. CEPICI also maintains a file of projects seeking foreign investment.

¶4. Foreign companies are free to invest and list on the regional stock exchange (BRVM), which is based in Abidjan and is dominated by Ivoirian and French companies. With the inception of the regional exchange, the West African Economic and Monetary Union (WAEMU) members established the Regional Council for Savings and Investment, a regional securities regulatory body. In past privatizations, such as for management of the Port of Abidjan and for management of the electric and water companies, well-entrenched French companies won, which led to allegations of corruption on the part of losing investors. Bids are not always made public, the government sometimes simply chooses from among companies that have proactively contacted it about an investment opportunity rather than proceeding through a public bid process.

¶5. The government does not use tax, labor, environment, or health and safety laws to impede or distort investment. Well-entrenched companies historically have formed relationships with GOCI officials, which frequently influence the awarding of tenders. There is no sector where American investors have been formally refused the same treatment as other foreign investors. There are some limitations on foreign investment worth noting. As a means to monitor foreign exchange flows, for example, the external finance and credit office of the Finance Ministry must approve investments from outside the West African Franc (FCFA) zone. Despite regulations designed to control land speculation, in urban areas, foreigners own significant amounts of land in Cote d'Ivoire. Free-hold tenure outside of urban areas, despite land reform, is difficult and most businesses opt for long-term leases.

¶6. There are sizable U.S. investments in offshore gas and oil exploration and production, petroleum product distribution, cocoa and coffee processing and shipping, and banking. The petroleum sector will continue to grow in 2007. There is a need for oil-servicing companies, oil exploration equipment and for experienced ex-patriot engineers and rig managers. The oil and gas sector has particularly grown, supported by the development of new oil fields, a rising production and higher oil prices. Oil has become Cote d,Ivoire,s leading export product ranking cocoa at the second place. Another area of commercial success is cellular phone service, which has seen the entry of a third mobile operator and a fourth is due to start operation soon; each company is largely financed by foreign capital.

¶7. The cocoa sector still remains significant to the economy. It contributes up to 40 percent of export revenues and 20 percent of government fiscal revenues. Because of this sector's critical importance to the Ivoirian economy, the government has expressed concern that foreign companies not dominate it. Although the government has liberalized the market, it limits the amount of cocoa that large foreign exporters can purchase and process to approximately 23% of

the total harvest. The Ivoirian government has also established several private and public control agencies to regulate the industry. After two years of disruptive strikes, in the fall of 2004, the Ivoirian President established a "Blue Ribbon Commission" to review the coffee and cocoa sectors and recommend accelerated reforms. The commission's report, which was provided in May 2005, has not yet been made public. The World Bank and IMF have focused on the cocoa sector as a key economic bellweather and will likely insist that the Ivoirian government commit to a package of specific reforms in this sector if these institutions restart programs in Cote d'Ivoire.

¶8. CONVERSION AND TRANSFER POLICIES: Cote d'Ivoire is a member of the West African Economic and Monetary Union (WAEMU), which uses the Franc CFA (FCFA), a convertible currency. The French Central Bank continues to hold the international reserves of WAMEU member states and maintains a fixed rate of 655.956 CFA to the Euro. The WAEMU has unified foreign exchange regulations. Under these regulations, there are no restrictions for transfers within the community and designated commercial banks are able to approve routine foreign exchange transactions inside the community. The transfer abroad of the proceeds of liquidation of foreign direct investments no longer requires prior government approval. Despite the ability to freely transfer funds within the WAEMU zone, when Ivoirians and expatriate residents are traveling from Cote d'Ivoire to another WAEMU country, they must declare the amount of currency being carried out of the country. When traveling from Cote d'Ivoire to a destination other than another WAEMU country, Ivoirians and expatriate residents are prohibited from carrying an amount of currency greater than equivalent of two million CFA francs (approximately $4,000). Larger amounts of require the approval of the Ministry of Finance, and must be in travelers or bank checks.

¶9. The Government must grant prior permission for investments coming into the WAEMU zone from outside and routinely does so. Once an investment is established and documented, the Government regularly approves remittances of dividends and/or repatriation of capital. The same holds true for requests for other sorts of transactions -- e.g., imports, licenses, and royalty fees. Multi-national firms in Cote d,Ivoire have complained that temporary liquidity shortfalls sometimes occur in the banking system. These problems are particularly of concern during the main cocoa harvest when companies are trying to transfer large sums of

money in and out as cocoa is purchased and exported. Companies continue to complain that the Government is slow in approving currency conversions.

¶10. EXPROPRIATION AND COMPENSATION: Cote d'Ivoire's public expropriation law includes compensation provisions similar to those in the United States. Historically, expropriation has not been an issue in Cote d'Ivoire and the Embassy is not aware of any cases of government expropriation of private property. Private expropriation as a means to force settlement of contractual or investment disputes has continued to be a problem, particularly for American investors in recent years. Investors should be aware that local individuals or local companies using what appear to be spurious court decisions have challenged the ownership of some foreign companies in recent years. On occasion the Government has blocked the bank accounts of U.S. and other foreign companies because of ownership and tax disputes. Corruption in the judicial system and security services has resulted in poor enforcement of private property rights, particularly when the expropriated entity is foreign held and the expropriator is Ivoirian or is a long-term French or Lebanese resident.

¶11. DISPUTE SETTLEMENT: The judicial system is dysfunctional and in need of reform. Enforcement of contract

rights is often time-consuming and expensive as court cases move slowly. Judges sometimes fail to base their decisions on the legal or contractual merits of the case and tend to rule against foreign investors in favor of entrenched interests. In addition, cases are often endlessly postponed and appealed again and again, moving from court to court, in some cases for decades. It is widely believed that magistrates are sometimes subject to political or financial influence. Some investors stipulate in contracts that disputes must be settled in the international commercial arbitration court in Paris or the Hague. However, even if stipulated in the contract, international or regional arbitration decisions are sometimes not honored by local courts.

¶12. Given that the average time from filing to resolution of a contract dispute is eight years, in 1999, the Government established an arbitration tribunal for businesses to settle commercial disputes without going to court. The arbitration court is supposed to provide alternative modes of conflict resolution including arbitration, conciliation, mediation and expertise. In July 2004, the business community welcomed revision of the Board to include participation of local chambers of commerce. The business community was also pleased at the Board,s ability to more quickly enforce awards. However, use of the Board, in lieu of the court system has been limited: in the past six years, the Arbitration Board has heard only 55 cases (10 in 2006). In adition to its local arbitration board, Cote d'Ivire is a member of the International Center for he Settlement of Investment Disputes. There is alo the Abidjan-based Joint Court of Justice and Abitration as an alternative means of solving conractual disputes.

¶13. There is political consenus on the need to reform the judicial system. Hoever, in 2006, the Ivoirian government remained peoccupied with the ongoing political crisis and any other legislative initiatives, including judical reform, remained on the back burner. Reform eforts are likely to continue to languish until ater the next presidential elections, currently scheduled to take place by October 2007. Under the pending reform plans, the GOCI would dismantle the Supreme Court, and divide its authority among several independent institution. The current Judicial Chamber of the Supreme Court would become the High Appeals Court (Cour de Cssation). It would handle civil, penal, social, nd labor cases when it deems that a lower court di not adequately apply the law. The current Adminstrative Chamber of the Supreme Court would become the Council of State (Conseil d'Etat), which would hear cases involving the State or public authorities or cases against the Government. The current Account Chamber of the Supreme Court will become a separate and independent Account Court (Cour de Comptes), examining the accounts of the State and of local government, and hearing financial cases.

¶14. Further reform plans call for deciding more cases by three-judge panels, instead of by a single judge; publishing decisions more quickly; enhancing computerization in the court system; training judges in commercial law; and increasing the number of appeals courts to reduce the backlog of commercial cases. Cote d'Ivoire has both commercial and bankruptcy laws that address liquidation of business liabilities. The Uniform Acts for the Organization and

Harmonization of Business Law (OHADA) is a collection of uniform laws on bankruptcy, debt collections, and the rules governing business transactions. The OHADA permits three different types of bankruptcy liquidation: an ordered suspension of payment to permit a negotiated settlement, an ordered suspension of payment to permit restructuring of the company, similar to Chapter 11, and the complete liquidation of assets, similar to Chapter 7. Creditors' rights, irrespective of nationality, are protected equally by the Act. Monetary judgments devolving from a bankruptcy are usually paid out in local currency.

¶15. PERFORMANCE REQUIREMENTS AND INCENTIVES: Cote d'Ivoire does not maintain any regulations inconsistent with WTO Trade-Related Investment Measures (TRIMS). There are no general performance requirements applied to investments, nor does the Government or the investment authority generally place conditions on location, local content, equity ownership, import substitution, export requirements, host country employment, technology transfer, or local financing. Cellular telephone operating companies must meet technology and performance requirements to maintain their licenses. The Investment Code, the Petroleum Code, and the Mining Code define the incentives available to new investors in Cote d'Ivoire (see section A.1. above).

¶16. RIGHT TO PRIVATE OWNERSHIP AND ESTABLISHMENT: Foreign investors generally have access to all forms of remunerative activity on terms equal to the terms enjoyed by Ivoirians. The government encourages foreign investment in the privatization of state-owned and parastatal firms, though in most cases the state reserves an equity stake in the new company. Under its previous IMF Poverty Reduction and Growth Facility, the government committed to privatizing 30 parastatal enterprises by the end of 2003. While some privatizations occurred, the government has yet to sell the majority of its shares in a major local bank, a cotton company, and sugar company, and its remaining shares in the telecommunications company. Plans to complete these privatizations are likely to remain on hold until after the 2006 elections. In January 2005, the Council of Ministers approved measures to liberalize the telecommunications sector, which had been postponed since February 2004. The legislation remains blocked in the National Assembly, however, and it is unlikely to be passed into law before the end of 2006. For the time being, the Ivoirian regulatory agency continues to function under the authority granted to it by the 1995 telecommunications code. The new rules will end France Telecom's fixed-line monopoly through its subsidiary, Cote d'Ivoire Telecom. A new regulatory agency would also be created to manage the fully competitive market.

¶17. Banks and insurance companies are subject to licensing requirements, but there are no restrictions aimed at limiting foreign ownership or the establishment of subsidiaries of foreign companies in this sector. There are no restrictions on foreign investment in computer services, or education and training services. However, there are restrictions on foreign investment in the health sector, law and accounting firms, and travel agencies. Investments in these sectors are subject to prior approval, require association with an Ivoirian partner (s), and appropriate licenses. Foreign companies operate successfully in all these service sectors.

¶18. PROTECTION OF PROPERTY RIGHTS: The Ivoirian Civil Code protects the acquisition and disposition of intellectual property rights. Legal protection for intellectual property may fall short of TRIPS standards due to uneven law enforcement and the lack of custom checks in porous borders, which do not allow law enforcement action on trade of counterfeit products in the textile, pharmaceutical and vehicle parts areas. Cote d'Ivoire is a party to the Paris Convention, its 1958 revision, and the 1977 Bangui Agreement covering 16 Francophone African countries in the African Intellectual Property Organization (OAPI), which has been TRIPS compliant since 2002. Under OAPI, rights registered in one member country are valid for other member states. Patents are valid for ten years, with the possibility of two five-year extensions. Trademarks are valid for ten years and are renewable indefinitely. Copyrights are valid for 50 years. In 2001, Ivorian experts drafted a new law in an effort to bring Cote d,Ivoire into conformity with TRIPS. The new law adds specific protection for computer programs, databases, and extension of author,s rights with regard to rented films and videos. However, the National Assembly has not yet approved this legislation and will not likely take action by the end of the year.

¶19. The government's Office of Industrial Property is charged with ensuring the protection of patents, trademarks, industrial designs, and commercial names. The office faces many challenges, including insufficient resources political will and the distraction of the ongoing political crisis. As a result, enforcement of IPR is largely ineffective. Foreign companies, especially from East and South Asia, flood the Ivoirian market with all types of counterfeit goods. Government efforts to combat piracy are modest. The Ivoirian Office of Author's Rights (BURIDA), put into effect a new sticker system in January 2004 to prevent counterfeiting and protect audio, video, literary and artistic property rights in music and computer programs. BURIDA's operations remain hampered by a long-running dispute between the management and the board over policy and leadership issues. To resolve the crisis at BURIDA, on March 15, 2006 the Minister of Culture took a ministerial bylaw to establish a temporary administration and a commission to study and propose a global reform of this organization. Despite these challenges, it does help to promote IPR enforcement with lawyers and magistrates. Outside of urban areas, private individuals or entities usually cannot obtain freehold tenure because the traditional property rights of villages and ethnic groups prevent the land from being sold. In urban areas where land is not held as a "tenancy in common" by a tribal or village head but is considered to be owned individually, it can still be difficult to obtain a free-hold deed to a property even years after a closing. For that reason, most individuals and business tend to sign long-term leases. Although the legal system recognizes the right to contract for leaseholds in both urban and rural areas, there is not a clear understanding by traditional tribal land-owners of property rights. This complicates the enforcement of property rights in rural areas. In addition, because free-hold tenure by individuals is not generally permitted in rural areas, would-be borrowers often have difficulty using real estate as collateral for loans. Even in urban settings, in general, the mortgage market is not well developed. As part of the legislative reforms mandated by the Linas-Marcoussis Peace agreement, in July 2004 the National Assembly adopted amendments to the law on rural-land ownership. This new law provides very limited free-hold ownership for rural lands, which had been traditionally held as a tenancy in common by villages. Rights are only protected, however, if the owner can document proof of ownership through an assignment deed or purchase contract.

¶20. TRANSPARENCY OF REGULATORY SYSTEM: The Government has taken some steps toward encouraging a more transparent and competitive economic environment. In addition, the IMF, World Bank, European Union, and other large donors have pushed the Government to take further steps towards reforms by placing conditions on future loans and grants. A centralized office of public bids in the Finance Ministry was designed to ensure compliance with international bidding practices by providing a neutral body to make bidding decisions in a transparent and objective fashion based on clear criteria. In 2005, the Ministry of Finance introduced institutional changes in the new public procurement code. They are: The decentralization of operational functions to make ministerial departments, local governments and other government structures accountable for the management of public resources, the creation of consultative public procurement commissions in charge of examining extraordinary decisions, the reinforcement of public procurement coordination through new regulations, training, procedural controls and more open and transparent communication with the interested public, the establishment of an appeals mechanism, and the reinforcement of auditing in the public procurement process.

¶21. In addition to the office of public bids, there is also an Inspector General's office and regulatory bodies for the liberalized electricity and telecommunications sectors. Customs and other officials can be obstructive for all businesses operating in Cote d,Ivoire. Several years ago, under pressure from the Bretton Woods institutions, the GOCI

dissolved the cocoa and coffee marketing board and replaced it with a supposedly more market-oriented system regulated by several private and public institutions with producer, industry, and government representation. The results of the sector's liberalization are decidedly mixed. The new agencies tasked with the control and regulation of the sector have worked neither efficiently nor transparently and have become the subject of controversy regarding their fiduciary mismanagement. In the Fall of 2004, the President bowed to pressure from the international community and the planters, and created a steering committee to review the coffee and cocoa sectors and recommend reforms. The Committee submitted

its report to the President in 2005, but the results have not been made public. The World Bank and IMF will likely include reform of the cocoa sector as requirements for any future lending.

¶22. The Finance Ministry has been known to change tax regimes overnight via ministerial decree, rather than working through the Council of Ministers and the National Assembly. The government sometimes levies large tax bills, which companies say have little basis in law or standard accounting practices. It then negotiates a lower bill with the company.

¶23. EFFICIENT CAPITAL MARKETS AND PORTFOLIO INVESTMENT: Cote d,Ivoire commercial banking sector is sound, despite the closure of 50 bank branches in the Northern, Center and Western zones. Due to the financial risk associated with long-term loans because of the ongoing political/economic crisis, banks have begun to limit funding to the private sector, particularly for small and medium size enterprises. Banks continue to offer short-term loans. Banks generally make lending and investment decisions on business criteria. Portfolio investment is emerging. Government and private bond issuances are available for purchase by individuals or companies. The Regional Council for Savings Investments and regulates the WAEMU securities exchanges market. Government policies generally encourage the free flow of capital. Aside from restrictions previously listed, there are no private sector or government efforts to restrict foreign investment, participation, or control of local industry. Credit for business expansion is difficult to obtain. The government relinquished its interest in smaller banks and retains only a small minority share in several large banks. At the end of 2005, total assets of the 17 banks and two credit institutions were FCFA 2.0 trillion (about USD 4.0 billion), an increase of 1.7 percent from 2005 figures. Ivoirian accounting systems are well developed and approach international norms. A WAEMU-wide accounting system, under which all member countries follow the same accounting rules, is firmly in place. The FCFA exchange rate is pegged to the Euro at 655.957 FCFA to one Euro. As a consequence, the FCFA/USD rate fluctuates freely with the Euro/USD rate. There is no evidence of &cross shareholding8 and &stable shareholders8 to restrict foreign investment through mergers and acquisitions in Cote d,Ivoire.

¶24. POLITICAL VIOLENCE: Politically motivated demonstrations and strikes by workers, unions in the education, transport, banking and cocoa sectors have occurred and could continue to be potential sources of civil disturbance in 2007. None of these protests have been directed against American or foreign businesses. The after effects of the political violence in November 2004 are still being felt. Many of the more than 9,000 foreign nationals who fled have not returned, and many of the businesses that were destroyed by street mobs have not reopened. The Ivoirian government has not made good on its promise to compensate victims of the violence. Businesses that remain are installing additional security measures to protect their property and staff.

¶25. CORRUPTION: Cote d'Ivoire signed the UN Anti-corruption Convention on December 10, 2003 but has not yet ratified it.

The country is not a signatory to the OECD Convention on Combating Bribery. There are domestic laws and regulations to combat corruption but they are neither generally nor effectively enforced. Penalties can range from incarceration to payment of civil fines. State employees can be convicted of either passive or active corruption or bribery in the performance of their duties. The law also punishes state employees who receive directly or indirectly benefit from private or parastatal companies related to contracts, markets or financial payment under their purview. Managers of companies who are complicit in the corrupting act are treated as accomplices. Racketeering by security and defense forces is often denounced in the media and constantly receives wide attention from the authorities and the population. In 2005, security forces and police officials launched media advertisements to stop corruption. The ads entitled "that,s enough" focused on citizens as the corrupters. There was a loud outcry from civil society and the ads were quickly pulled off the air. Sporadic unrest in the country has led to an increase in the number of police, military and gendarme checkpoints on the roads, and consequently an increase in the solicitation of bribes at these checkpoints. Transport companies have been particularly hard hit. Trucks moving cargo from the western agricultural belt to Abidjan and between Abidjan and the rebel-controlled Northern region range pay a total of $100 to $400 at the various checkpoints

they must pass through, depending on the cargo. There are several governmental entities in charge of fighting corruption: the General Secretariat in charge of good governance, which has been changed into the Secretary of State to the Prime Minister for Good Governance, since the cabinet reshuffle in September 2006 , the Board of State General Inspectors, and the Finance Ministry's Inspector General's Office. None have been effective in stamping out this growing problem. Neither Transparency International, nor any regional or local non-governmental "watchdog" organization operates in Cote d'Ivoire.

¶26. Many U.S. companies view corruption as an obstacle to investment in Cote d'Ivoire. Corruption has the greatest impact on judicial proceedings, contract awards, customs, and tax issues. It is common for judges to base their decisions on financial influence. Corruption and the ongoing political/economic crisis have affected the Ivoirian government's ability to attract foreign investment. Transparency International s 2006 &corruption perception index8 has ranked Cote d,Ivoire 153rd of 163 countries. Businesses have reported corruption at every level of the civil service. Stamps, copies, and an official act to register a birth, death, automobile, carry a supplemental "commission." If the commission is refused, the application is not processed. The size of the commission varies with the cost of the service or investment. Some U.S. investors have raised specific concerns about the rule of law and the government's ability to provide equal protection under the law. A poor record in enforcing the rule of law was one reason cited for the country's loss of eligibility for benefits under the African Growth and Opportunity Act (AGOA) at the end of 2004.

¶27. BILATERAL INVESTMENT AGREEMENTS: There are no bilateral investment or taxation treaties between Cote d'Ivoire and the U.S.

¶28. OPIC AND OTHER INVESTMENT INSURANCE PROGRAMS: OPIC insures several U.S. investments in Cote d'Ivoire although the overall exposure is relatively small. The African Project Development Facility (APDF) and the African Investment Program of the International Finance Corporation (IFC) may assist investors. Since 1999, OPIC has not issued any new investment insurance policies in Cote d'Ivoire. Since 2003, OPIC has withdrawn its underwriting agreement for Cote d,Ivoire. Cote d'Ivoire is a member of the Multilateral Investment Guarantee Agency (MIGA).

¶29. LABOR: The Constitution and the Labor Code grant all citizens, except members of the police and military, the right to form or join unions, and workers exercise these rights. Registration of a new union takes three months. Despite these protections, only a small percentage of the work force is actually organized, and most laborers work in the informal sector (i.e. small farms, small roadside stands, and urban workshops). Anti-union discrimination is prohibited. There have not been reports of anti-union discrimination, and as a consequence there have been no known prosecutions or convictions under this law. Unions were free to join international bodies, and the General Workers Union of Cote d'Ivoire (UGTCI) was affiliated with the International Confederation of Free Trade Unions. The Constitution additionally provides for collective bargaining, and the Labor Code grants all citizens, except members of the police and military services, the right to bargain collectively. Collective bargaining agreements were in effect in many major business enterprises and sectors of the civil service. In most cases in which wages were not established in direct negotiations between unions and employers, the Ministry of Employment and Civil Service established salaries by job categories. The Constitution and statutes provide for the right to strike, and the Government generally protects this right. However, the Labor Code requires a protracted series of negotiations and a six-day notification period before a strike may take place, making legal strikes difficult to organize.

¶30. On February 19, 2004, the Minister of Employment and Labor and the Minister of Economy and Finance signed a decree aimed at promoting national employment. This decree favors the employment of Ivoirians in private enterprises. The decree states that any position to be filled must be advertised for two months. If after two months no qualified Ivoirian is found, the employer is allowed to recruit a foreigner, provided that he informs the Administration of his plan for recruiting an Ivoirian to fill the position in the next two years. The foreign employee must be given a labor

contract and must have a visa that costs the equivalent of a month's salary each year. Representatives of the West African Economic and Monetary Union harshly criticized the decree and claimed that it violated Article 91 of the West African Economic and Monetary Union Treaty, which permits the free movement of persons for employment within the union. In response to the criticism, the Minister released a statement to the press indicating that the decree was a guideline, not an obligation, and that it was not meant to discriminate against West Africans seeking employment in Cote d'Ivoire.

¶31. FOREIGN-TRADE ZONES/FREE PORTS: There are no free trade zones in Cote d,Ivoire. In August 2004, the Ivoirian government adopted a plan to create free trade zones for information technology and for biotechnology. This project is dormant. Another free trade zone project, which was planned for the port of San Pedro, also remains dormant. Bonded warehouses do exist, and bonded zones within factories are allowed. High port costs and maritime freight rates have inhibited the development of in-bond manufacturing or processing, and there are consequently no general foreign trade zones.

¶32. FOREIGN DIRECT INVESTMENT STATISTICS: Foreign Direct Investment inflow by Sector, 2006 (USD)

Sectors	Investment	Percentage
Food	20,754,610	13.09%
Mechanic, Iron	0	0.00%
& Steel Industry	1,112,183	0.70%
Health	2,444,917	1.54%
Tourism & Hotel	356,380	0.22%
Communication	117,843	0.07%

Agriculture	16,316	0.01%
Telecommunication	94,889,023	59.85%
Textile	18,147	0.01%
Service	2,257,452	1.42%
Training	302,405	0.19%
Plastics	2,389,454	1.51%
Chemical	1,383,685	0.87%
Wood	33,013	0.02%
Transport	8,450,418	5.33%
Mining	3,718,024	2.34%
Oil & Gas	19,722,242	12.44%
Glass	206,061	0.13%
Cosmetics	380,917	0.24%
Total	158,553,090	100.00%

Source: Ivoirian Investment Promotion Authority (CEPICI).
Average exchange rate CFAF 500 per one USD.
Foreign Direct Investment inflow by Country of Origin, 2006 (USD)

Countries	Investment	Percentage
France	4,312,401	3.35%
Netherlands	21,209,452	16.46%
Great Britain	186,413	0.14%
Lebanon*	1,211,232	0.94%
China	196,391	0.15%
India	522,521	0.41%
U.S.A	2,230,814	1.73%
Panama	4,017,078	3.12%
British Islands	29,208	0.02%
Senegal	242,107	0.19%
Togo	94,528,018	73.35%
Central African Republic	73,326	0.06%
Algeria	110,000	0.09%
Total	128,868,961	100.00%

Source: CEPICI. Table does not represent all the flow investments by origin.
Average exchange rate CFAF 500 per one USD.
*CEPCI does not include investment from resident Lebanese in FDI figures
Hooks